

Welcome!

Asset Building: A New Antipoverty Strategy

Purpose of the Session

- To provide you with information about assets, asset distribution, the effects of holding assets, and some historical precedents for government-supported asset building, as well as the ways in which these concepts led to the concept of Individual Development Accounts.

Objectives of the Session

1. Define “asset” and differentiate among different types of assets
2. Explain the relationships between income and assets, and among assets, liabilities, and equity
3. Describe the distribution of income, assets, and wealth in the U.S.
4. List and explain the economic, psychological, and social benefits of acquiring and holding assets

Objectives of the Session

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5. Explain the historical precedents for asset building in the U.S.
6. Describe the “problems” that IDAs address and those that IDAs do not address
7. Use the information from this session to make the case for asset building and IDAs

Income, Assets & Wealth

- What is an asset?
- What are examples of assets?
- How are assets related to income?

4 Key Concepts of Asset Building

- 1. Assets lead to wealth and economic security. Income alone does not.**
 - *“People cannot spend their way out of poverty.”*

Income Distribution in the U.S.

- 20% of Americans earn 60% of all available income.
- The other 80% of the population earns the remaining 40% of available income.

Net Worth Distribution in the U.S.

- 20% of Americans have 80% of all of the available net worth.
- The other 80% of the population has 20%.

Financial Net Worth

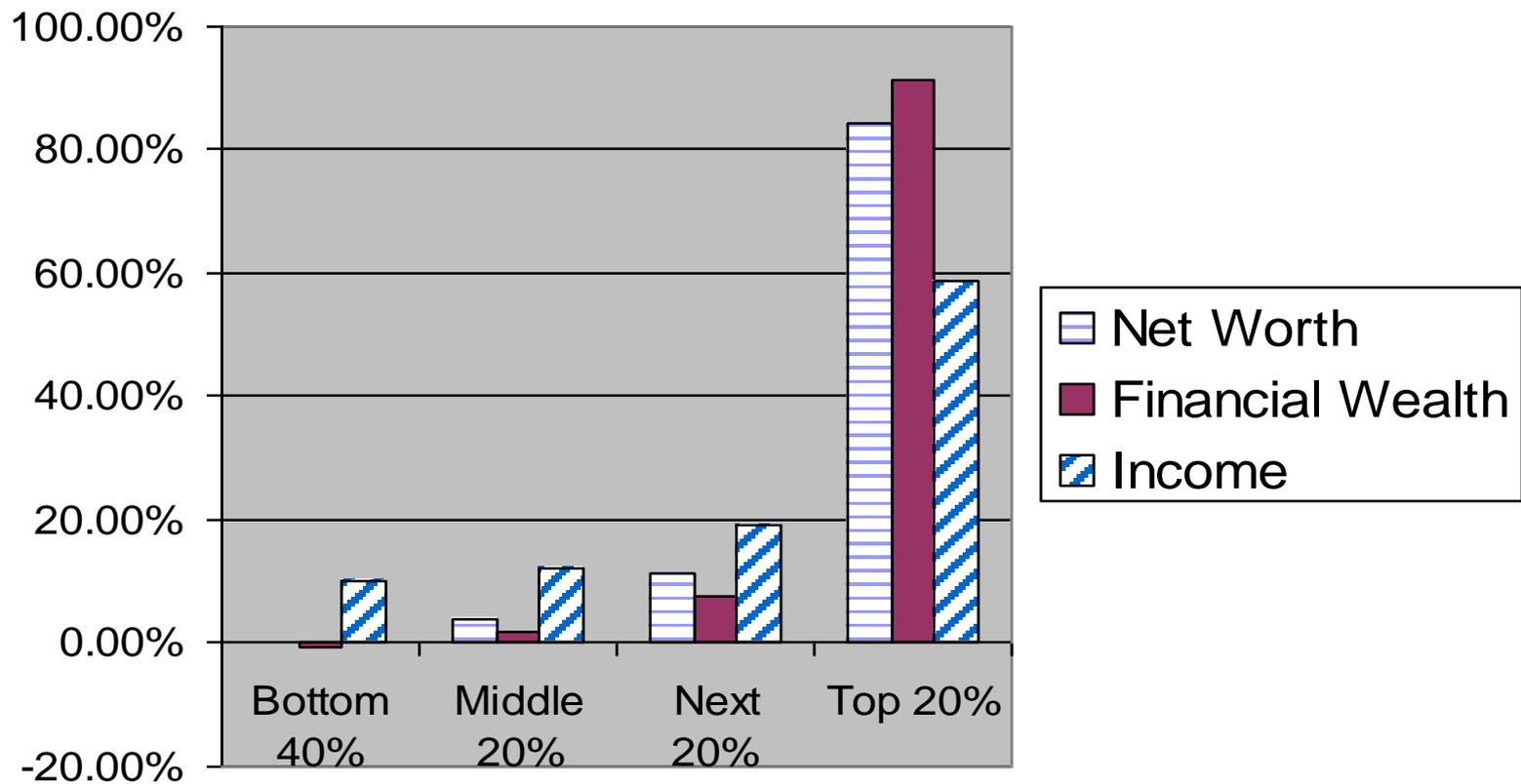
Financial Net Worth =
Net Worth – Household Equity

Financial Net Worth Distribution in the U.S.

By this definition:

- 20% of Americans have 90% of all available financial net worth.
- The other 80% of the population has the remaining 10%.

Percentage of Net Worth, Financial Wealth and Income by Quintile



Other Statistics Related to Asset Distribution in the U.S.

- 17.6% of the population has zero or negative net worth
- 25.5% of the population has zero or negative financial net worth

4 Key Concepts of Asset Building

1. Assets lead to wealth and economic security. Income alone does not.
“People cannot spend their way out of poverty.”
2. **The disparity in the distribution of assets is even greater than the disparity of income.**

Benefits of Asset Ownership

GROUP 1

- a) How do acquiring and holding assets help an individual and household economically?
- b) How does a citizenry getting and holding assets help a community economically?

Benefits of Asset Ownership

GROUP 2

- a) How do acquiring and holding assets help an individual and household psychologically?
- b) How does a citizenry receive psychological benefits from getting and holding assets help a community?

Benefits of Asset Ownership

GROUP 3

- a) How do acquiring and holding assets help an individual and household socially?
- b) How does a citizenry receiving social benefits from getting and holding assets help a community?

4 Key Concepts of Asset Building

1. Assets lead to wealth and economic security. Income alone does not.
“People cannot spend their way out of poverty.”
2. The disparity in the distribution of assets is even greater than the disparity of income.
3. **There are tremendous economic, psychological, and social benefits to asset ownership, which accrue not only to the individual asset owner, but also to the household and community in which the asset owner resides.**

Historical Precedents

- **Homestead Act** (not a good thing for everyone)
- **GI Bill**
- **Home Mortgage Interest Deductions**
- **IRAs**
- **401ks/403bs**

4 Key Concepts of Asset Building

1. Assets lead to wealth and economic security. Income alone does not.
“People cannot spend their way out of poverty.”
2. The disparity in the distribution of assets is even greater than the disparity of income.
3. There are tremendous economic, psychological, and social benefits to asset ownership, which ascribe not only to the individual asset owner, but also to the household and community in which the asset owner resides.
4. **There are historical precedents for government-supported asset ownership; these incentives in recent years have not reached people with low income (40% of the population).**

Individual Development Accounts

- What is an Individual Development Account (IDA)?
- Who developed the concept of IDAs?
- What problems do you think IDAs address?
- What problems do IDAs not address?

Making the Case for IDAs

- What additional information would you need about a funder to make a compelling case?
- What additional information would you need about your community to make a compelling case?
- What are some other ways you could use the information provided in this session to build an awareness of asset building and IDAs among local, regional, and state-level policy makers, funders, business leaders, and media?

AFI Resource Center

For more information on this or other AFI Training Curriculum modules, contact the AFI Resource Center at the Office of Community Services.

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Web: <http://www.acf.hhs.gov/assetbuilding>